

# **Fiscal Services Division**

## **Legislative Services Agency**

### **Fiscal Note**

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HF 2197 - Textbook Savings (LSB 5069 HV)

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Fiscal Note Version - New

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#### **Description**

House File 2197 requires the Regents universities and community colleges to provide students with the titles and international standard book numbers (ISBNs) for course textbooks by posting a list on campus where textbooks are sold and on their web sites.

#### **Background**

The University of Iowa and Iowa State University already provide the information. The University of Northern Iowa relies on local businesses for textbook sales and would need to add the information to its web site. The Department of Education queried the fifteen community colleges for information on the effects of this Bill. Kirkwood Community College already provides the information. North Iowa Area Community College and Hawkeye Community College do not own bookstores. Iowa Valley Community College District, Iowa Western Community College and Indian Hills Community College did not respond to the Department's information request. Eight community colleges projected incurring a cost.

#### **Assumptions**

- The University of Northern Iowa will incur costs for technological staff time to develop the web site and secretarial staff time to enter data and maintain the web site in future years.
- Community colleges that do not own book stores and that already meet the requirements of this Bill do not report any costs associated with this change.
- Iowa Lakes Community College anticipates no costs for implementing this change.
- The three community colleges that did not respond to the information request are assumed to have insignificant costs from this change.
- One community college plans to hire a full-time staff and two plan to hire half-time staff for this activity.
- Institutions adding staff will experience increased salary and benefits costs. Those not adding staff will experience opportunity costs from shifting resources from other activities to meet the changes required by this Bill.
- Des Moines Area Community College anticipates capital outlay costs of \$7,000 for display materials at each book store, and Western Iowa Technical Community College anticipates capital outlay costs of \$75,000 for a point of sale system and the computer equipment to operate the system. Point of sale systems provide inventory management, personnel timesheets, debit and credit card functions and a variety of other features.
- Four community colleges that have bookstores and responded to the inquiry projected no change in textbook sales. Four community colleges that have bookstores expect a decrease in textbook sales (\$955,000 net revenue decrease). Assuming an average student purchase of \$534, a 25.0% markup, and weighting part-time students at 0.5, produces an estimated average reduction in textbook sales for these four community colleges of 29.8% with a range of 41.5% to 14.0% reduction in textbook sales. The remaining community colleges already comply with this change, do not own bookstores, or did not provide information.

- College students tend to prefer to purchase textbooks at the college bookstore for convenience, the ability to examine the book, the assurance they are buying the right book, and customer service. They will buy over the Internet for a better price.

### **Fiscal Impact**

The change required by HF 2197 will cause the University of Northern Iowa and three community colleges to incur opportunity costs by redirecting staff time to post ISBNs for textbooks on their web sites and where textbooks are sold. The combined opportunity costs are projected to be \$72,200 for FY 2009 and \$44,000 in FY 2010. Opportunity costs will be absorbed without necessitating an increase to the operating budgets.

Three community colleges anticipate hiring staff to administer these activities and project salary and benefits costs of \$111,000 annually.

Two community colleges have identified \$82,000 in capital outlay costs for FY 2009, and the point of sales computer system for one community college impacts functions and benefits beyond the requirements of this Bill.

College bookstores may have reduced textbook sales from posting ISBNs. There is insufficient consistent data to project the impact.

College students that choose to purchase textbooks from alternative sellers will likely have reduced costs. There is insufficient information to determine how many will have savings or how much they will save.

### **Sources**

Regents Universities

Department of Education and Community Colleges

Nebraska Book Company, "Textbook Insights: What is in store for the college bookstore?"

[http://www.nebook.com/images/KIP\\_whitepaper1.pdf](http://www.nebook.com/images/KIP_whitepaper1.pdf)

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/s/ Holly M. Lyons

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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